Haves vs. Have-Nots Separation Trend Persists

BY JOEL B. FINKELSTEIN
Contributing Writer

WASHINGTON — There has been a lot of talk, but little done on the national level to address persistent problems in the health care system, according to experts speaking at a conference to release the results of the latest edition of a survey of hospitals and physicians across the country.

When the survey was last conducted 2 years ago, several troubling trends were identified. At the time, there was an ongoing hospital building boom, intense and sometimes acrimonious competition between hospitals and physicians over specialty services, growing stress on community safety net providers, and inadequate cost-control strategies on the part of employers and health plans.

The conclusion: These trends were creating a two-tiered system in which individuals with health insurance had better access to high-cost care and those without had diminishing access to any care.

"For the most part, these trends have continued into 2007," said Paul Ginsburg, Ph.D., president of the Center for Studying Health System Change, which sponsored the conference and conducts the survey of health care sites in 12 communities every 2 years.

The dichotomy between the haves and have-nots is also appearing among physicians, said Dr. Hoangmai Pham, senior researcher at the center. A growing number of specialists are working exclusively through private hospitals or ambulatory care centers, where they can dictate their hours, don't have to deal with paperwork, and are largely insulated from nonpaying patients. In contrast, many community-based physicians are being shut out of the hospital altogether.

"In many of our sites it's now the norm for most inpatient medical care to be provided by hospitalists. This has led to much more fractured relationships with community-based, primary care physicians and the hospitals that they used to know," she said.

While these trends continue, reforms on the national level have been incremental and modest, such as expanding access to health savings accounts and encouraging more consumerism in health care. That may reflect an apparent disconnect between the level of debate in Washington and what is going on in the field, said Dr. Robert Berenson, a senior fellow at the Urban Institute.

Speaking at the meeting, he recalled a conversation with a physician during a visit at one of the survey sites: "I asked him how's the weather and he launched into, 'What are you people in D.C. drinking? Your fee schedule in Medicare is absurd, and what you're doing to us is making it impossible for us to hire cardiologists. They want to stay in the fee-for-service sector because they are making so much money.' "

Such distortions in the reimbursement system have created perverse incentives that are helping to drive many of these troubling trends, said Don Fisher, Ph.D., president and chief executive officer for the Medical Group Management Association. "The more you do, the more you get paid. Said differently, the worst quality care in this country gets paid the most," he said.

While paying more for poor quality, the current system also punishes innovation.

"Every quality improvement you make on the ambulatory side that reduces the hospital admissions and readmissions… causes a loss in revenue to that institution, to that hospital, large losses of revenue," Dr. Fisher said.

Yet, many institutions are pushing forward with quality improvements anyway, he said.

However, policy makers in Washington may be missing out on that fact. He cited one hospital he visited during the center's survey. The chief medical officer couldn't come up with any quality measures they had implemented, but mentioned that they had recently installed a Tele-ICU.

"That's at least equally significant in the area of quality and safety, but we in the policy world have said quality and safety is about these heart attack measures and congestive heart failure measures," he said. ■

MedPAC Recommends 1.1% Fee Increase for Physicians in 2009

BY ALICIA AULT
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WASHINGTON — The Medicare Payment Advisory Commission has voted to recommend that Congress increase Medicare physician fees by 1.1% in 2009.

The recommendation will be included in MedPAC's final report to Congress this month.

The panel believes that physician fees should not be cut, said MedPAC Chairman Glenn M. Hackbarth. "That's a very important message for us to convey to Congress."

Before the vote, Mr. Hackbarth said the commission struggled each year to come up with the right numbers. "We try to zero in on the most appropriate update," he said, adding that cost reports, physicians' access to capital, and beneficiaries' access to physician services all go into that calculation.

MedPAC staff member John Richardson told commissioners that it appears that most physicians continue to accept new Medicare patients, but there has been an increase in beneficiaries who said they had trouble finding a new primary care physician, according to a MedPAC survey. In 2006, 24% said they had trouble; by 2007, 30% of beneficiaries reported difficulty.

Medicare fees also are staying fairly steady as a percentage of private insurance fees, said Mr. Richardson. In 2005, Medicare paid 83% of what private insurers did, and in 2006, that had slipped slightly to 81%.

In December, Congress passed and the President signed a last-minute fix to the 2008 fee schedule, granting a 6-month, 0.5% increase for 2008. The fee increase, which included incentives for rural physicians, will cost about $3.1 billion, Mr. Richardson said.

Under current law, Medicare will cut physician fees by 5.5% in 2009. But when fees are renegotiated in July, the 2009 update could change.

MedPAC recommended that fees be increased in 2009 by the projected change in input prices (2.6%) minus the expected growth in productivity (1.5%), for a 1.1% increase. The cost: about $2 billion. The commission projected that spending would increase by another $8 billion out to 2011.

The commission also urged Congress to set up a system to measure and report physician resource use. The reporting should be confidential for 2 years. After that, the Centers for Medicare and Medicaid Services should establish a new payment system that takes into account both resource use and quality measures.

Dr. Ronald D. Castellanos, a physician in a group practice in Port Charlotte, Fla. and a MedPAC commissioner, said a recommendation for an increase was better than a cut, but that the 1.1% "doesn't keep up with our costs." Dr. Castellanos said that physicians would not look happily on the recommended update.

"Quite honestly, it's insulting," he said. "The update is a blunt tool for trying to constrain costs," said Dr. Castellanos.

Dr. Nicholas Wolter, a commissioner who practices at a clinic in Billings, Mont., also said that he was not comfortable with the recommendation. "Unless we start focusing on other tactics, we're not going to get a handle on costs," he said.

Mr. Hackbarth said the panel's recommendation should not be taken to mean that the commission believed that everything was fine with the reimbursement system. But, he added, the problems with Medicare threatened beneficiaries, taxpayers, and even his children's future. Solutions should not be focused only on physicians, said Mr. Hackbarth, adding, "it's way bigger than that." ■

Survey Shows Wide Support for Individual Insurance Mandate

BY MARY ELLEN SCHNEIDER
New York Bureau

Most Americans favor a continuation of the employer-based health insurance system and say that they believe health insurance costs should be shared among individuals, employers, and the government, according to the results of a survey conducted by the Commonwealth Fund.

More than two-thirds of Americans who took part would favor a mandate for individuals to obtain health insurance in an effort to provide universal health coverage.

These findings indicate that on certain health reform issues Americans' views may be more closely aligned with the proposals put forth by Democratic candidates for president than those outlined by Republicans.

For example, the leading Democratic candidates would require employers to offer health coverage to employees or pay for part of their coverage, while most of the Republican candidates are proposing changes to the tax code that could potentially reduce the role of employers in the health insurance market, according to a Commonwealth Fund analysis.

Sen. Hillary Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.) would support an individual insurance mandate, while Sen. Barack Obama (D-Ill.) would mandate coverage for all children. Of all the Republican candidates, no one is proposing an individual insurance mandate, according to the Commonwealth Fund.

From June to October 2007, the Commonwealth Fund conducted a telephone survey of 3,501 adults aged 19 years and older as part of its biennial health insurance survey. The group released the results from four health reform queries before announcing the other findings, which are scheduled to be released in March.

The survey respondents expressed broad support for an employer-based system of health insurance coverage. About 81% of respondents said that employers should either provide health insurance or contribute to a fund in order to cover all Americans. Support for this idea among respondents was high regardless of political affiliation, race, gender, age, and income.

The support for an individual insurance mandate to ensure coverage for all was lower; 68% of the respondents said that they strongly or somewhat favor a requirement that all individuals obtain health insurance. About 25% said they strongly or somewhat opposed the idea. About 7% said they did not know, or refused to answer.

When respondents were asked who should pay for health insurance for all Americans, 66% favored a system in which costs would be shared by individuals, employers, and the government. About 15% said it should be mostly government financed, 8% said it should be paid for mostly by employers, and 6% favored having individuals pick up the tab. Another 5% said they didn't know, or refused to answer the question.

The survey also indicated that the candidates' views on health care reform will be important in determining votes. About 86% of the respondents said that health care reform is very or somewhat important in determining their vote. ■